

Project: Mongolia Business Plus Initiative Project (BPI)
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ABBREVIATIONS AND ACRONYMS

AmCham	The American Chamber in Mongolia
BAR	Mongolian BAR Association
BPI	Business Plus Initiative
CGA	Customs General Administration
EJC	Economic Journalists Club
ELC	Economic and Legal Consultancy
FOG	Fixed Obligation Grant
GASI	General Authority for Special Inspection
GASR	General Authority of State Registration
GDT	General Department of Taxation
GIZ	German Agency for International Cooperation
GOM	Government of Mongolia
HACCP	Hazard Analysis and Critical Control Point
IFC	International Finance Corporation
IMRI	Integrated Mineral Resource Initiative
IT	Information Technology
ITPTA	Information Technology, Post and Telecommunication Authority
KRA	Key Result Area
MCUD	Ministry of Construction and Urban Development
MINAC	Mongolian International and National Arbitration Center
MMCI	Mongolian Management Consultant's Institute
MNCCI	Mongolian National Chamber of Commerce and Industry
MOF	Ministry of Finance
MOJ	Ministry of Justice
MOU	Memorandum of Understanding
NCPSS	National Council For Private Sector Support
OCRS	Online Company Registration System
OSS	One-Stop Shop
PCA	Post Clearance Audit
PIR	Project Intermediate Result
PMP	Project Monitoring Plan
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
QSDC	Quality Supplier Development Center
SGS	Société Générale de Surveillance
SDP	Supplier Development Plan
SME	Small and Medium Enterprises
TAB	Trading Across Borders
TDB	Trade Development Bank
TOT	Training-of-Trainers
TAF	Technical Assistance Fund
TPI	The Press Institute of Mongolia
UBM	Ulaanbaatar Municipality
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	i
TABLE OF CONTENTS	ii
EXECUTIVE SUMMARY	iii
A. Significant Accomplishments.....	iii
PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved:.....	iii
PIR 2: Private sector capacity and competitiveness strengthened:.....	iv
PIR 3: National dialogue on business enabling environment and country competitiveness strengthened:	iv
B. Salient Programmatic Trends and Ongoing Performance Constraints.....	iv
SECTION I: WORK PLAN IMPLEMENTATION.....	1
A. Work Plan Framework.....	1
B. Work plan implementation.	2
PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved.....	2
PIR 2: Private sector capacity and competitiveness strengthened.....	9
PIR 3: National dialogue on business enabling environment and country competitiveness strengthened	14
D. BPI Activities by the Numbers	16
E. Next Steps for the Coming Quarter.....	16
PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved.....	16
PIR 2: Private sector capacity and competitiveness strengthened.....	17
PIR 3: National dialogue on business enabling environment and country competitiveness strengthened	18
SECTION II: PROJECT MANAGEMENT AND ADMINISTRATION	19
A. Significant project management and administration activities	19
B. Personnel.....	19
B1. Long-term expatriate personnel.....	19
B2. Long-term local personnel.....	19
B3. Deployment of short-term technical assistance.....	19
C. Status of subcontracts and grants	19
D. Project and contract management actions expected for the next quarter.....	20
ANNEX A: Long-term local personnel and expatriate short-term assignments.....	21
ANNEX B: Performance indicators, baseline, targets, and results for Annual Work Plan-4 (October through December 2014)	23

EXECUTIVE SUMMARY

The USAID-funded Mongolia Business Plus Initiative (BPI) project supports the Government of Mongolia's (GOM) reform efforts to establish an enabling business environment conducive to diversified economic growth and create improved economic opportunities for the people of Mongolia. The BPI project is ensuring the participation of Mongolia's private sector in a structured and productive dialogue with government so that business enabling environment reforms are adequately informed by the private sector appropriately addressing bottlenecks to country competitiveness. This report is the Business Plus Initiative (BPI) project's Fourteenth Quarterly Report and describes project activity from October through December 2014.

Over the course of the year, BPI has concentrated efforts to address the project's newest reform area, commercial arbitration. At the beginning of the reporting period, BPI hosted the "Public-Private Dialogue: New Draft Commercial Arbitration Law", event to engage relevant stakeholders and collect input to incorporate into the new revised law. In November 2014, the concept paper based on the UNCITRAL Model Law on International Commercial Arbitration, as updated in 2006, for the new Arbitration Law was approved during the first cabinet meeting. Nonetheless, Cabinet changes in December have resulted in a slowdown in the finalization of the draft law by the MOJ working group. . In addition, during November, BPI partnered with the Mongolian Bar Association and Gibson Dunn & Crutcher LLP to conduct the second series of the workshop "International Arbitration: Introduction to Law & Practice" which benefitted 75 practitioners, including 29 judges.

During the reporting period, BPI began implementing the technical assistance activities laid out in the MOUs with the Customs General Authority (CGA) and the General Department of Taxation (GDT) signed during the previous quarter. This quarter, BPI activities with CGA focused on finalizing the development on the customs valuation module and commencing the development of the customs e-payment system. This quarter, BPI activities with GDT focused on continuing to connect banks to the GDT's e-payment system and designing the plan for the GDT VAT e-invoicing system which will be built during the coming quarter.

Despite BPI efforts to resolve challenges in launching the online company registration system (OCRS), the project has discontinued assistance in this area. However, significant progress has been made to the Law on Legal Entities and is expected to be passed by Parliament in the coming quarter.

As of the end of the reporting period, QSDC is providing assistance to 21 SME clients. As a result of TAF assistance, client firms have accomplished actual increased sales of 4.6 billion MNT, four times higher than the initial LOP target. BPI continued to work closely with QSDC on organizational development efforts in preparation for receiving direct funding from USAID.

During the reporting period, BPI signed a grant agreement with AmCham Mongolia, aimed at strengthening the local advocacy institution to sustain the public-private dialogue approach spearheaded by BPI to ensure the private sector is properly represented in policy and legislative reform dialogues, and can advocate for change to government in an effective manner.

A. Significant Accomplishments

This section of the quarterly progress report describes key activities and significant accomplishments organized by project intermediate result (PIR).

PIR I: Business enabling environment, governance, and country competitiveness policies and practices improved:

Throughout this reporting period, the GOM continued to make significant progress with technical support from USAID's Business Plus Initiative (BPI) project to improve the country's business enabling environment in three areas, outlined below:

- *Trading across borders:* Major advances were observed in the implementation of the customs risk management system during the reporting quarter, with the green and orange channels that do not require physical inspections averaging more than 40% of all shipments during the quarter, and surpassing 50% in December 2014.
- *Paying taxes:* BPI finalized the requirements and finalized the procurement process for the development of a new VAT e-invoicing system for GDT.
- *Arbitration Reform:* In November 2014, the concept paper for the new Arbitration Law was approved, taking an important step in the nation's process of supporting arbitration as an alternative dispute resolution and facilitating foreign investment in Mongolia.

PIR 2: Private sector capacity and competitiveness strengthened:

During this quarter, QSDC formalized key partnerships through signing two Memorandums of Understanding with the Mongolian Construction Association and Société Générale de Surveillance (SGS) Mongolia, aimed at strengthening the impact and reach of QSDC's assistance to Mongolian companies in obtaining certification and implementing international standards and quality management practices.

PIR 3: National dialogue on business enabling environment and country competitiveness strengthened:

Over the span of the BPI project, GOM has increasingly embraced public-private dialogue for implementing business enabling environment reforms. During this quarter, BPI partnered with AmCham Mongolia to build the local organization's capacity, aimed at institutionalizing the public private dialogue mechanism to ensure the sustainability of BPI's successful PPD activities beyond the life of project. As part of the grant agreement, AmCham conducted a nationwide survey on the Mongolian business and investment climate in November. The results will be released early next quarter.

B. Salient Programmatic Trends and Ongoing Performance Constraints

Per Section F.8 of the BPI project contract, this section discusses salient programmatic trends observed from major activities in process or recently completed. It also highlights unresolved or ongoing administrative constraints to the contractor's optimal performance.

Salient Programmatic Trends:

- *Continuing collaboration with GOM.* The recent government shake up during the last month of the quarter resulted in the appointment of new leadership to three key government counterparts: Minister of Justice, Minister of Construction and Urban Development, and Tax Commissioner. Effectively, of BPI's counterparts, the CGA Director is the only department head that has not changed. Accordingly, BPI is working steadfastly to establish a productive relationship with the new appointees as soon as possible to ensure the continuous implementation of agreed upon legal and regulatory activities. BPI continued to work closely with the CGA Director, BPI's longstanding counterpart to implement the new customs activities outlined in the MOU signed during last quarter.
- *Collaboration with private sector.* The private sector increasingly is interested in meaningful collaboration with the BPI project, predominantly through the QSDC and arbitration activities. During the reporting quarter, BPI continued to work closely with international law firms who agreed to support arbitration reform efforts on a pro-bono basis. BPI also worked

closely with local partners including the American Chamber of Commerce of Mongolia (AmCham Mongolia) and the Mongolian Bar Association (MBA) to transfer BPI's activities, namely the PPD methodology and international arbitration capacity building to local institutions, thereby ensuring sustainability.

Ongoing Performance Constraints:

- During the reporting period, on November 5, the Prime Minister of Mongolia resigned in response to a no-confidence vote (54.5%) in Parliament, collapsing the entire Cabinet. The new political reality may slow down the fast-advancing areas (e.g., arbitration draft law) or conversely provide an opportunity to turn around the delays in finalizing the draft construction law at the MCUD. The new Prime Minister Ch. Saikhanbileg was inducted on November 21, with 95.5% Parliament approval and formed his cabinet in early December. BPI has arranged to meet with the newly appointed ministers of justice and construction and urban development in January 2015 to provide an overview of BPI's ongoing work and petition support for uninterrupted transition in the reform areas.

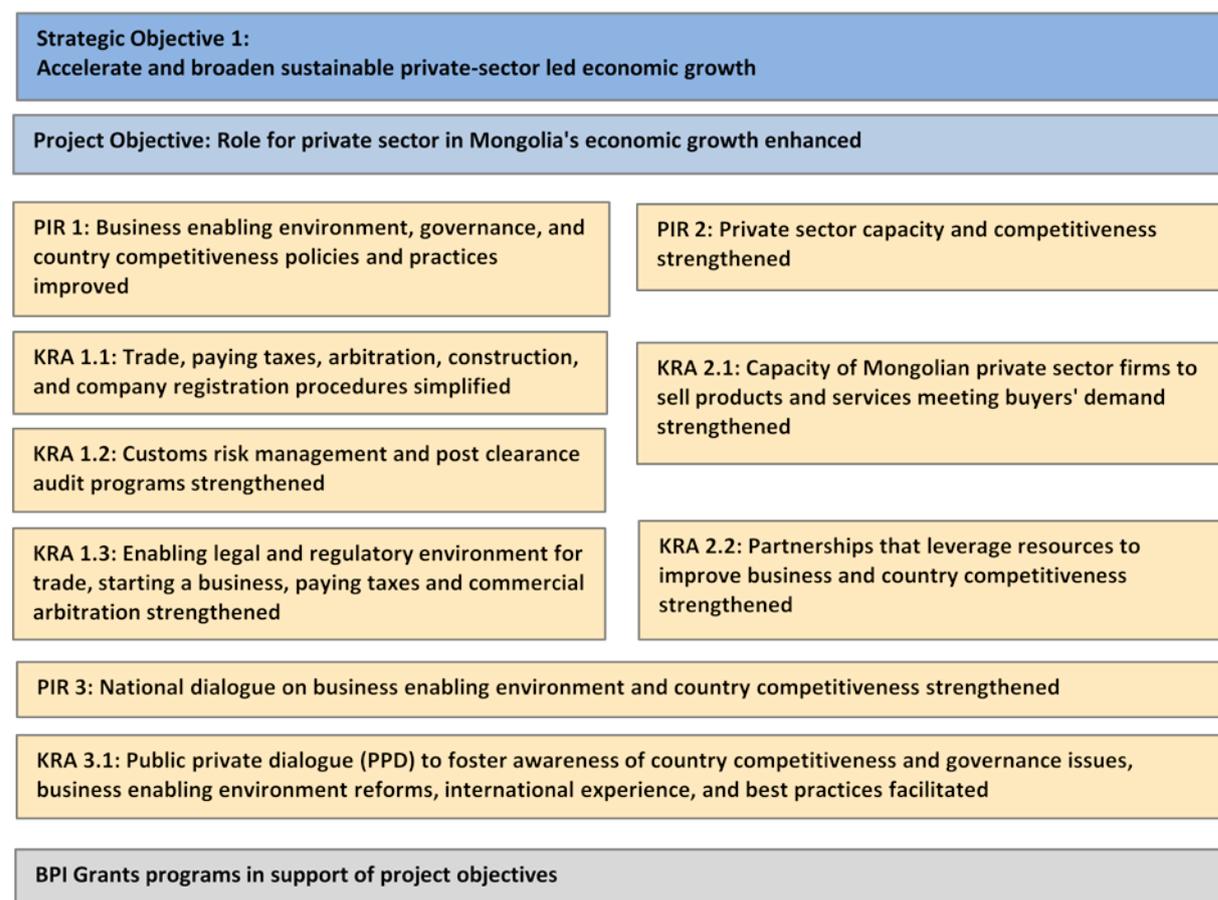
SECTION I: WORK PLAN IMPLEMENTATION

This quarterly progress report is organized as follows: Section I details work plan implementation for the quarter, organized by PIR; Section II describes project management and administration activities, current personnel, deployment of short-term expatriate technical assistance, as well as project and contract management actions for the next quarter; Annex A describes current long-term project staff and details of short-term expatriate technical assignments; Annex B includes reporting of results for the quarter against the BPI project's draft performance monitoring plan; finally Annex C includes the QSDC grantee Quarterly Progress Report.

A. Work Plan Framework

This quarterly progress report is organized around the three PIRs with corresponding Key Result Areas (KRAs) proposed in the Year 4 Annual Work Plan:

BPI Project Logical Framework



PIR: Project Intermediate Result
KRA: Key Result Area

Rev: 24-Sept-14

B. Work plan implementation.

PIR I: Business enabling environment, governance, and country competitiveness policies and practices improved

KRA 1.1: Trade, paying taxes, arbitration, construction, and company registration procedures simplified

Trading Across Borders:

During the reporting period, BPI began implementing the activities outlined in the memorandum of understanding (MOU) signed in August 2014 between the Customs General Administration (CGA) and USAID. Agreed upon activities contribute to KRA1.1 and KRA1.2.

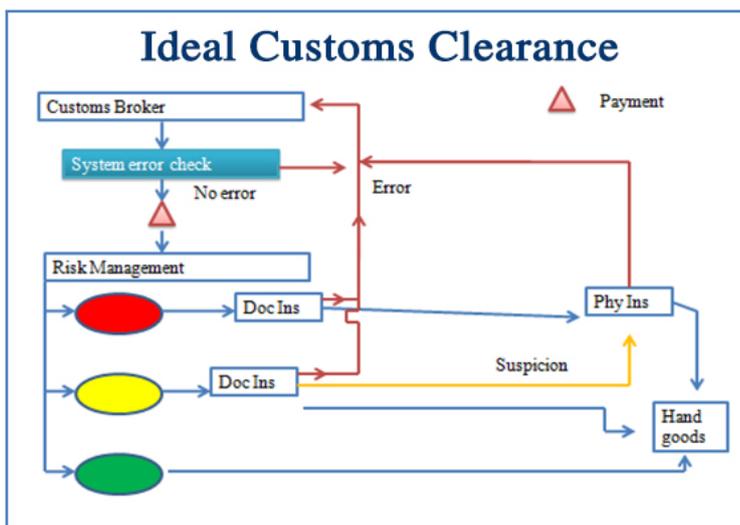
Streamlining of Customs Clearance Process. Starting in October 2014 CGA implemented a new procedure for the customs clearance process to (i) increase transparency in the clearance process, (ii) eliminate opportunities for corruption and discretion on the part of customs officers, and (iii) reduce time and cost to the private sector involved in trading activities. The new procedures illustrated in the process map below were informed

Trading Community Reaction to Customs New Clearance Process

General Impression	Summary Feedback
Overall comments are positive	Trader stated that they can save up to 50% time as compared to the old procedure, particularly for shipments with GREEN and ORANGE stamps. GASI procedure is easier and clearance at customs bonded warehouses with One-Stop-Shop is faster. Difficulties remain at bonded warehouse without one-stop-shop.
Depend on Stamp	For ORANGE and GREEN channels clearance process is easier, faster, and more transparent. However, the RED channel process remains difficult as shipments undergo inspection at two places for declaration and inspection. The lack of real e-payment makes the process more burdensome.
Depend on Port	The new procedure works better at bonded warehouses with One-Stop-Shop which include payment options, though customs officers continue to require more than the four documents included in the customs law.

by BPI customs expert Jorge Montoya during the previous quarter. Traders surveyed by BPI indicated that the new procedure has resulted in a substantial reduction in time for shipments with Green and Orange stamps cleared in ports and bonded warehouses where CGA has one-stop-

shops in place. For these shipments, traders stated that clearance time was cut up to 50 percent, as compared to the old procedure. Nonetheless, surveyed traders indicated that for shipments with a Red stamp, especially for those cleared through warehouses without one-stop-shops, the new procedure actually resulted in additional burden. BPI will continue to work with CGA to ensure a transparent and efficient customs clearance process.

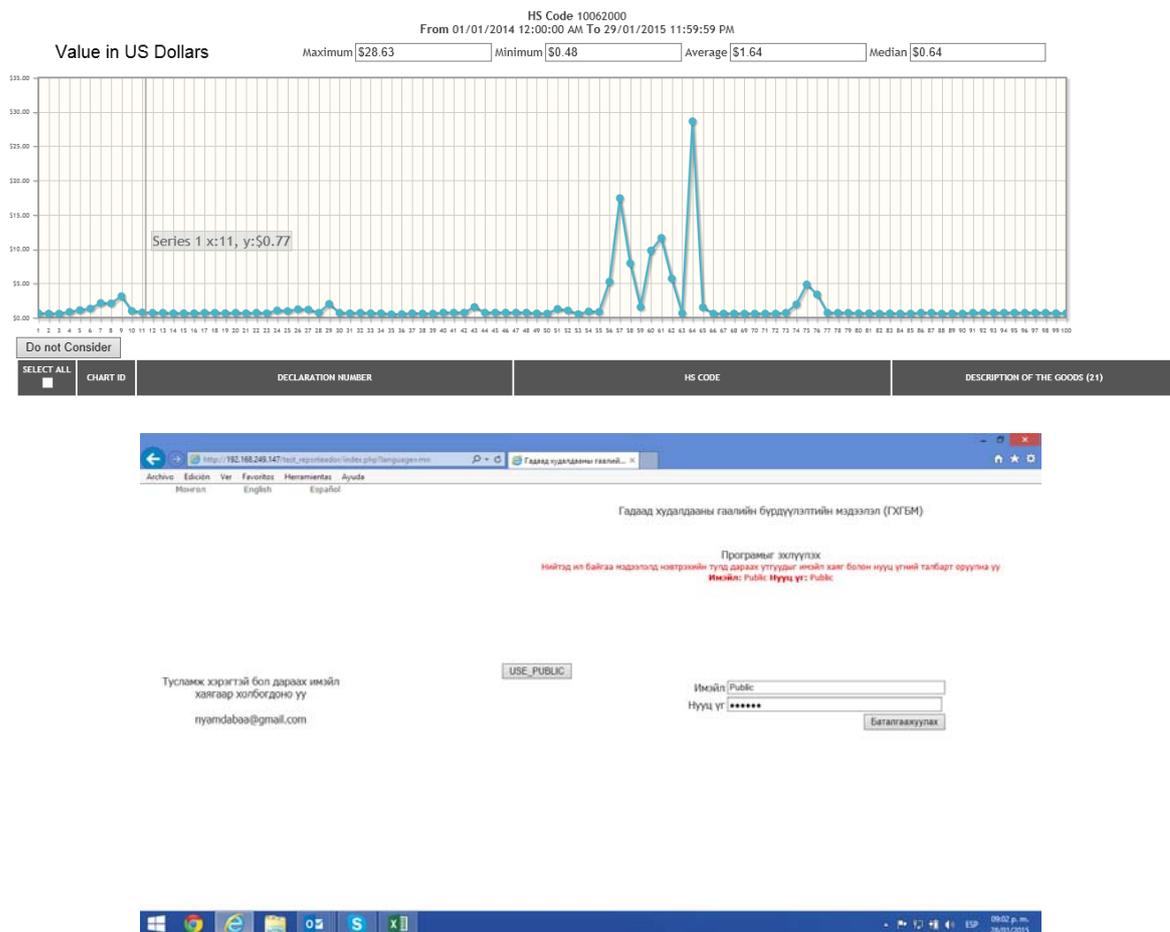


The process map above illustrates the ideal risk based customs clearance process with red, orange, and green channels.

Customs Tax E-Payment Module: In November, BPI local subcontractor Infinite Solutions began developing a tax e-payment module for Mongolian Customs. The module will allow traders to review customs duties and taxes and complete payments electronically, eliminating physical visits to banks and enabling CGA and customs offices throughout the country to receive payment confirmation in real-time, resulting in significant time and cost savings time from the clearance process. The module will also eliminate one document, the payment receipt, from the list of documents required for customs clearance and control as indicated in the DB 2015 Report. By the end of the quarter, CGA approved BPI's (i) initial assessment of CGA's existing IT systems, (ii) initial assessment of commercial banks' IT systems, (iii) proposed technical requirements for e-payment connectivity for users, banks and CGA, and (iv) proposed system development plan. The customs e-payment module is scheduled to be launched in May 2015.

Customs Data Exchange with Neighboring Countries: At the request of CGA, BPI is supporting the customs data exchange with neighboring countries as a means to further facilitate trade in Mongolia, given the countries landlocked position. BPI released a solicitation in December 2014 to identify a vendor with experience installing IBM WebSphere MQ software, a technical requirement for the integration of Mongolian trade data with neighboring China and Russia. The subcontractor will: (i) identify the requirements and the appropriate licenses required for the IBM WebSphere MQ software, (ii) install and test the software, and (iii) train CGA IT staff. The licenses will be procured by Chemonics from IBM USA.

Customs Valuation Module: During the reporting period, CGA conducted internal testing of the Customs Valuation Module. The test results identified several areas for improvement that were



Pictured above are screenshots from the customs valuation system under development by BPI customs expert Jorge Montoya. The new system brings transparency to the process of evaluating Customs duties, addressing a key point of disagreement between traders and CGA.

deemed necessary before the Module could become operational. Over the next quarter, BPI will continue to provide specialized technical assistance to CGA aimed at: (i) enabling nationwide use of the customs valuation information module, (ii) assisting CGA on direct/advanced declarations, and (iii) assisting CGA on the automation of form #2 –the form used by small traders at border ports and customs post offices.

Paying Taxes:

During this quarter, BPI commenced activities included in the memorandum of understanding (MOU) signed in September 2014 between the General Department of Taxation (GDT) and USAID.

VAT E-invoice System:

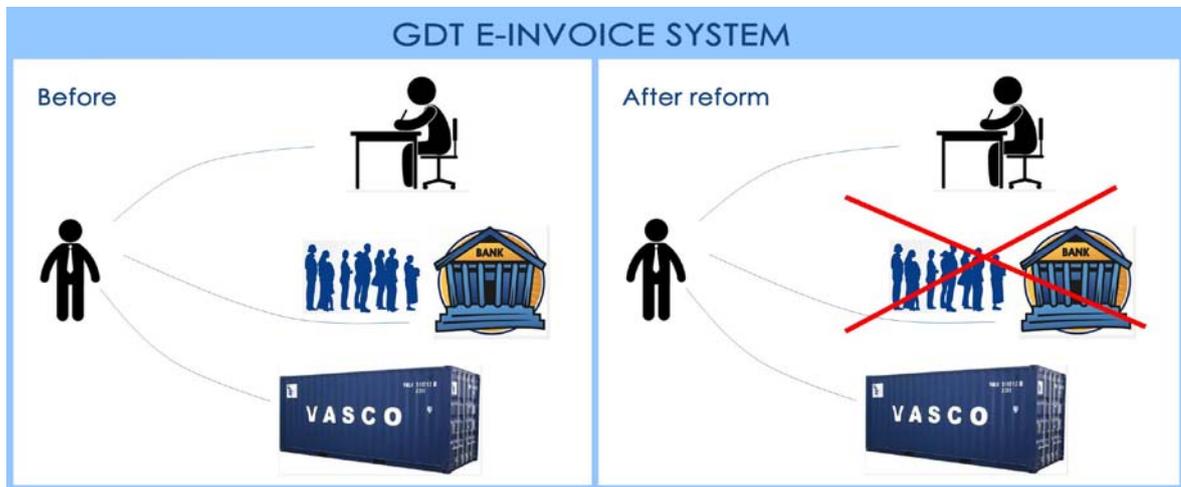
GDT requested BPI assistance to develop a new VAT e-Invoicing System to reform the current system by transferring paper-based VAT invoices to electronic VAT invoices aimed at: (i) increasing transparency and curbing VAT fraud; (ii) streamlining and simplifying the way VAT invoice numbers are assigned to private sector firms; and (iii) simplifying VAT filing and expediting legitimate VAT returns. Once in operation the proposed system will represent a major improvement in the area of paying taxes in Mongolia. Currently GDT handles the submission of VAT via manual methods using paper-based VAT invoices. It is difficult to cross-check discrepancies between VAT sales and purchases, thereby creating a vacuum for potential tax evasion. Between 2012 and 2013, GDT detected 4,600 fake invoices, amounting to 721.3 billion MNT in government revenue losses. In 2013, the GDT detected an additional 750 billion MNT of sales that were not registered resulting in significant losses to the Government treasury. Fraudulent VAT returns not only represent significant losses in government revenues but also represent a major source of unfair competition against legitimate businesses in Mongolia.

Benefits of the VAT e-invoicing system include:

- Reducing taxpayers cost of requesting/obtaining VAT invoice numbers by eliminating the need to physically travel to tax offices to obtain VAT invoices
- Reducing the time to file VAT invoices as well as eliminating the hassle of dealing with lost invoices, especially in cases where VAT invoices are lost and used fraudulently by others
- Reducing the time for taxpayers to receive their legitimate VAT returns
- Addressing the issue of shadow economy by capturing informal and/or cash transactions. It is estimated that 20 to 30 billion MNT from the shadow economy could be added to the State budget
- Redirecting tax inspectors focus on fraud detection towards higher risk taxpayers while facilitating activities for high compliance taxpayers
- Reduction of filing of fake VAT invoices which would add approximately 40 to 50 billion MNT to the state budget
- The VAT e-Invoice system will support GDT efforts to reduce and/or eliminate the following types of tax evasion:
 - Distribution of fake VAT invoices
 - Not reporting VAT from sales on balance sheets
 - Multiple usage of the same VAT invoice with multiple deductions claimed

- Misreporting of VAT purchase amounts
- Misreporting of VAT payment at Customs
- Fraudulent use of Clause 14.1.4 related to selling/buying of agricultural products

During the reporting period, BPI working in conjunction with GDT selected a local subcontractor to develop the proposed VAT e-Invoice system, work will begin in mid-January.

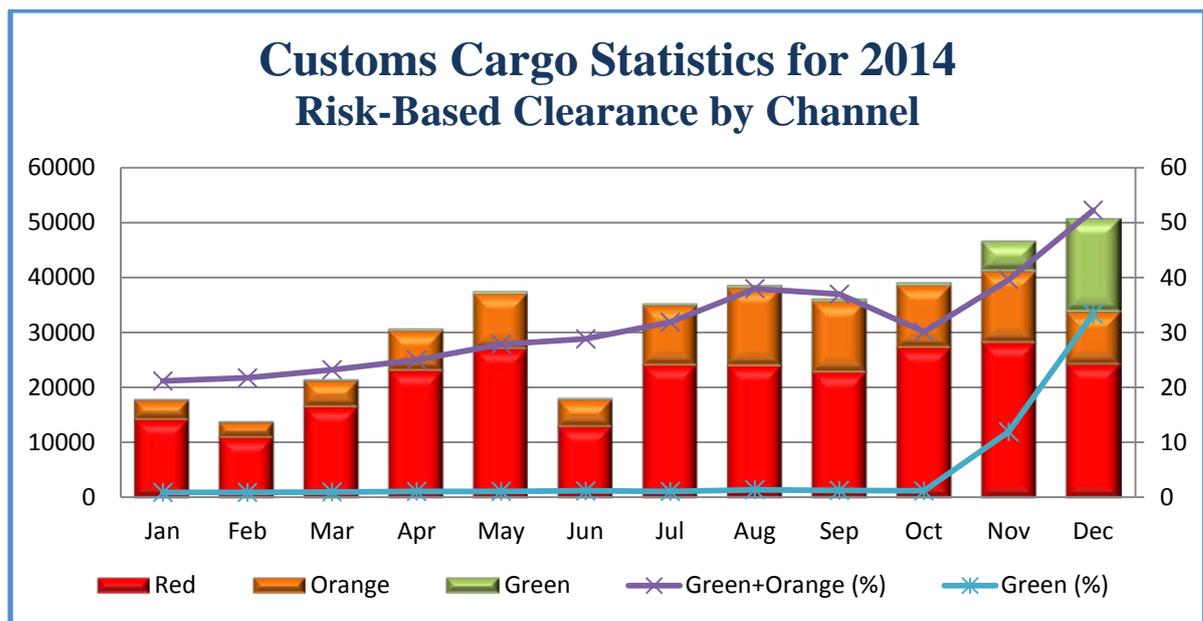


The proposed GDT e-Invoice system will eliminate physical visits to banks.

KRA 1.2: Customs risk management and post clearance audit programs strengthened

Customs Risk Management: Over the last two years BPI has provided ongoing support to the Customs General Authority (CGA) to foster trade facilitation in Mongolia. BPI assistance has been particularly comprehensive in the areas of risk management and post clearance audits, including the development of a risk-based clearance system in order to utilize finite customs resources more wisely—away from low-risk cargo toward a focus on higher-risk cargos.

BPI assistance facilitated Customs efforts to establish an Economic Operators Program in 2015.



The proportion of cargo cleared through the orange and green channel increased steadily over the final quarter of 2014.

In preparation for this program, CGA used the risk management system to identify large traders with high compliance rates who import a significant amount of goods in the capital city of Ulaanbaatar. As a result, traders have been witnessing a steady increase in the proportion of cargo cleared either through the green or the orange channels, which do not require physical inspection.

The graph shows the proportion of cargo cleared through red, orange, and green channels during 2014, demonstrating the actual impact of risk management on cargo clearance. For instance, the proportion of cargo cleared through the green channel, cargo that does not require neither physical nor documentary inspections, averaged 1% during the first ten months of the year and then jumped to 12% in November, reaching 33% of all cargo in December 2014. If we add the cargo cleared through the orange channel – cargo that only requires documentary inspection – then, the proportion of cargo that does not require physical inspection reached 39% and 52% respectively in the same two months.



In 2015 CGA will expand the new risk-based customs clearance procedure to the Zamyn-Uud border port with China.

During 2015, CGA is planning to extend the activities related to the identification of low-risk traders to the Zamyn Uud border port with China and the Ulaanbaatar Air Cargo terminal. The planned activities will continue to support trade facilitation in Mongolia.

KRA 1.3: Enabling legal and regulatory environment for trade, starting a business, paying taxes and commercial arbitration strengthened

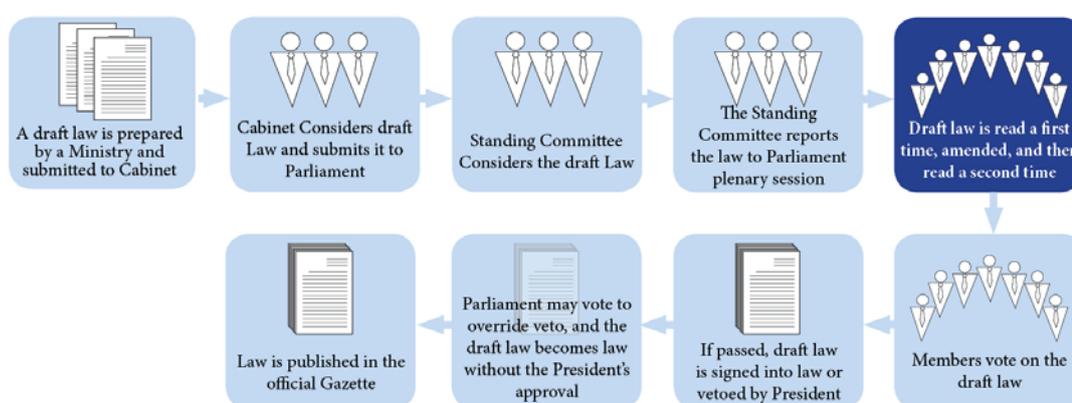
While significant progress was made in facilitating the legal entities law, political instability during the reporting quarter negatively affected several BPI efforts aimed at improving the legal and regulatory environment in the areas of: (i) dealing with construction permits; and (ii) commercial arbitration reform.

Dealing with construction permits. During the reporting period BPI was unable to take any action to further the approval process of the BPI-supported Construction Permitting Law due to the political instability surrounding the Ministry of Construction and Urban Development (MCUD), BPI's main counterpart in this reform area. First, due to pressure from the Parliament, then Prime Minister N. Altankhuyag restructured the Cabinet early October 2014 by merging the MCUD with the Ministry of Roads and Transportation in order to bring down the number of ministries from 16 to 13. Although Parliament approved the restructuring for the Cabinet on October 9, Prime Minister N. Altankhuyag and the Cabinet stepped down on November 5. The new Prime Minister Ch. Saikhanbileg, appointed on November 21 reversed the decision, maintaining the MCUD as a stand-alone ministry. On December 9, D. Tsogtbaatar, D. former Minister of Environment and Tourism and State Secretary of the Ministry of Foreign Relations, was appointed the new minister for MCUD. BPI is scheduled to meet with the new Minister on January 21 to discuss next steps for the draft construction law.

Legal entities registration law. During the reporting quarter, the package for the legal entity registration law which includes the introduction, concept paper, draft law, and amendments to relevant laws advanced as planned in Parliament. BPI has accompanied the joint technical working group (WG) of MOJ, GASR, and Parliament Standing Committee on Legal Affairs throughout the fall session of Parliament regarding discussions of the draft law. BPI drafted briefing papers for the WG head to present at the WG and Standing Committee meetings and Parliament plenary session and assisted the Standing Committee legal team to review the legal entities package.

On December 15, the Standing Committee on Legal Affairs provided approval to progress the legal package to the Parliament plenary session for the first reading which was held on December 26. BPI expects that Parliament will approve the draft package in the upcoming quarter, after the national budget discussions are finalized. The new law will streamline company registration, decrease the number of documents, and provide clarity on the required procedures.

STATUS OF BPI-SUPPORTED LEGAL ENTITY REGISTRATION DRAFT LAW



The legal entity registration package was sent to the Parliament plenary session for the first reading on December 26.

Commercial Arbitration facilitated. BPI, in partnership with the Ministry of Justice (MOJ), Mongolian International and National Arbitration Center at the MNCCI, American Chamber of Commerce in Mongolia, Mongolian Bar Association, Business Council of Mongolia, MDS & KhanLex LLP, and Sidley Austin LLP, co-organized a “Public-Private Dialogue: New Arbitration Draft Law” event on 14 October 2014. Participants engaged in open discussion, and provided feedback on the legal framework that will govern arbitration reform in Mongolia, aimed at enhancing economic opportunities and increasing investor confidence. Justice Minister Kh. Temuujin and the US Ambassador Campbell made opening remarks emphasizing the importance of the new arbitration law in terms of: (i) savings of both time and money; (ii) creating new opportunities for dispute resolution in Mongolia; and (iii) ensuring that Mongolia is



Top left, international arbitration experts David Roney, Dugerjav Dash-Onolt, and Andrew Fox present the ten chapters of the new draft law to participants at the PPD.

recognized as a UNCITRAL Model Law. The overarching concept is to adopt the UNCITRAL Model Law on International Commercial Arbitration, as updated in 2006, and to incorporate several other innovations consistent with international best practices. After a presentation by MOJ on principal issues and concepts on the arbitration law, technical experts from BPI partner, Sidley Austin and local subcontractor MDS & KhanLex presented an overview of each of the ten chapters included in the new draft arbitration law. Comments raised during the PPD were reflected in a revised draft arbitration law and submitted to the Working Group established at MOJ.

The Concept Paper for the draft revised Arbitration Law was approved during the first cabinet meeting with newly appointed Prime Minister Saikhanbileg on November 21, 2014. The concept paper establishes the foundation of a new legal framework for both domestic and international arbitration. It is the first formal step in the process to reform the country's arbitration system. BPI provided assistance to the MOJ and the arbitration working group to prepare a draft arbitration law that reflects the reforms outlined in the approved concept paper.

In December, USAID and BPI met with MoJ State Secretary and head of the WG to discuss further collaborative actions on the Arbitration Law. Accordingly, the parties agreed that after MoJ provides BPI with the final draft revised Arbitration Law, BPI will (i) draft a legal package with amendments to related laws, (ii) send the draft law to UNCITRAL for a compliance review, (iii) carry out a Cost Estimate Analysis to capture the impact from the approval of the revised Arbitration Law, and (iv) further facilitate the Working Group during Parliament review. BPI will report progress on these activities in next quarter.

Despite significant progress, it seems that the above mentioned political instability has also negatively affected the fast pace of the arbitration reform. On December 9, Mr. D. Dorligjav was named the new Minister of Justice. The new Minister has re-focused attention to the development of other laws and away from the arbitration law, contrary to previous agreement with USAID and BPI. Consequently, BPI has not received the final draft of the arbitration law, required in order to move forward on the action items agreed with the MOJ State Secretary. BPI scheduled a meeting with MOJ Minister D. Dorligjav in January 2015 to discuss the next steps regarding the draft arbitration law.



“Today’s discussions are very timely, because arbitration can be an important way to resolve disputes and increase investor confidence. And the fact that this is a public-private dialogue also demonstrates the Government’s commitment to engage all stakeholders in developing the new arbitration law.” - U.S. Ambassador Piper Anne Campbell noted in her opening remarks at the “Public-Private Dialogue: New Arbitration Draft Law” on 14 October 2014.

PIR 2. Private sector capacity and competitiveness strengthened

KRA 2.1: Capacity of Mongolian private sector firms to sell products and services meeting buyers' demand strengthened

The Quality Supplier Development Center (QSDC) is the primary mechanism through which the USAID Business Plus Initiative (BPI) seeks to increase private sector capacity and competitiveness. QSDC supports Mongolian firms under its supplier development and quality assurance training programs.

During this reporting period, in close consultation with USAID and the BPI project, it was proposed that QSDC prepare for a next phase of operations, under which it would be expected to receive direct grant support from USAID. A specific plan for BPI to support QSDC during this reorganization and transition to self-sufficiency will be finalized early January 2015 with implementation shortly thereafter.

In addition to organizational changes during the reporting period QSDC underwent substantial personnel changes. A new Executive Director, Mr. Tuguldur Baavai, took over the leadership of the organization in October, an additional business advisor, Mr. Tuvshinjargal Enkh-Od was hired in November, and a new Financial and Operations Manager (to cover for maternity leave), Ms. Narantsatsral Baatarjamba, was on-boarded in December. The increased human resources coupled with Mr. Baavai's leadership will enable QSDC to disburse remaining TAF monies while guiding QSDC through the upcoming transition. The new Executive Director rapidly moved to focus his efforts on strengthening the organization's institutional and technical capacity. Representative activities conducted during the reporting quarter include:

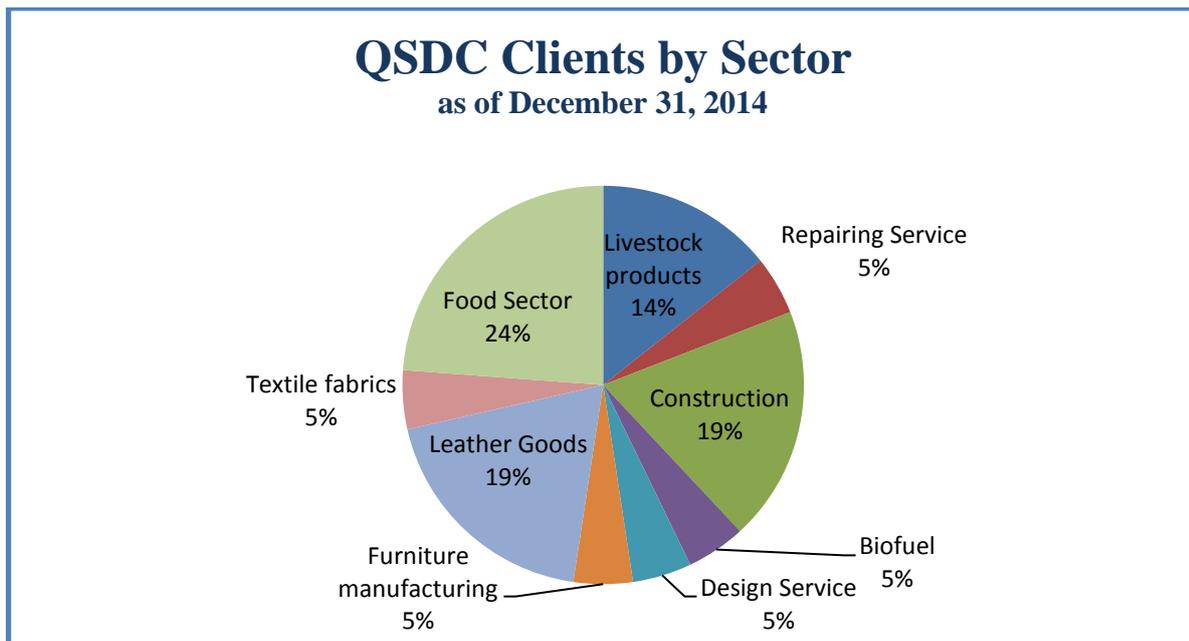
- Developing a QSDC Monitoring and Evaluation Plan;
- Contracting a legal advisor to assist in the development of a new charter for QSDC, provide legal advice on forging new partnerships; and review legal options available to QSDC to manage non-performing TAF activities;
- Drafting, in consultation with BPI and a legal advisor, a new organizational Charter including the policies and procedures governing the Board of Directors;
- Reviewing the organization's internal guidelines and procedures;
- Presenting QSDC quarterly results and challenges/goals for next quarter at Board of Directors meeting.
- Recruiting an additional Business Development Advisor and a temporary Finance and Operations officer;
- Contributing actively to the QSDC transition and sustainability plan;
- Forging a partnership with a non-banking financial institution (NBFI);

QSDC Executive Director, Tuguldur Baavai and Tumenjargal G., Executive Director, Mongolian National Construction Association sign an MOU committing to continued collaboration to build private sector capacity in quality management on November 7, 2014.

- Negotiating and signing a MOU with SGS Mongolia, LLC to establish a partnership in support of QSDC’s quality management program; and
- Signing a MOU with the Mongolian Construction Association to collaborate on occupational health and safety trainings for construction companies.

KRA2.1.1 QSDC Supplier Development Program (SDP)

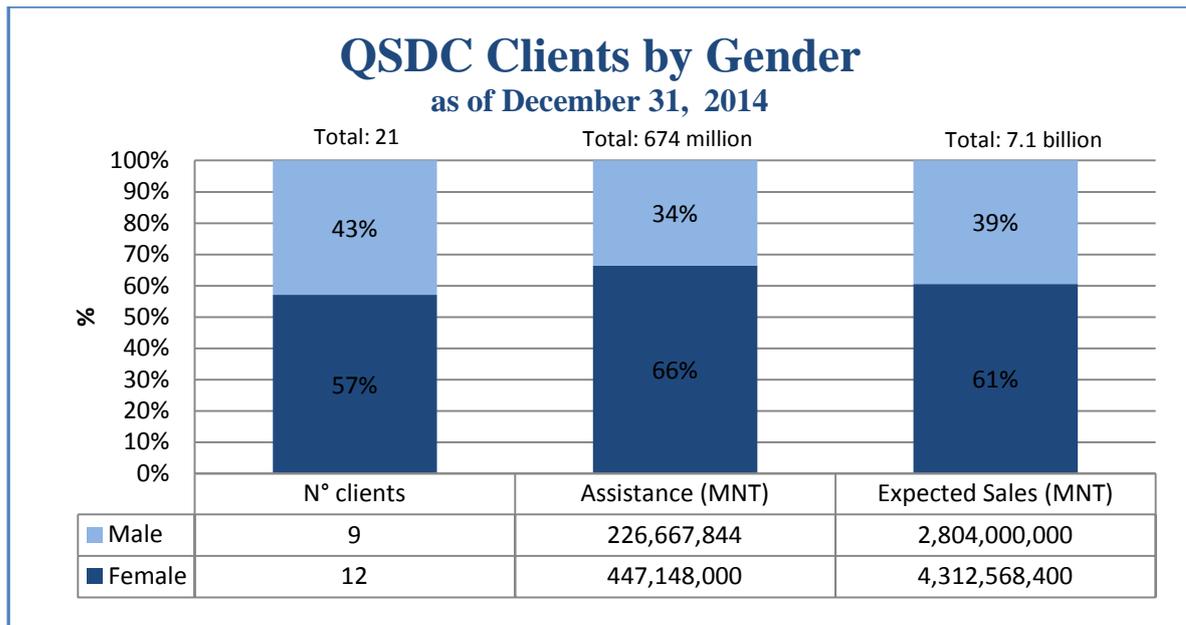
The QSDC supplier development program utilizes a USAID-funded/BPI managed revolving Technical Assistance Fund (TAF) with the goal of: (i) helping local products and services meet domestic and international market requirements; (ii) improving production and commercial process efficiency, and (iii) linking suppliers to new markets. QSDC’s fundamental objective is to promote economic development based on generating increased sales for local suppliers. At the conclusion of its first year of implementation, QSDC has demonstrated its capability to continue the selection and investment process for TAF implementation, effectively laying the groundwork for consolidating and advancing gains for the organization’s second year of operation. As of the end of the reporting quarter, QSDC has provided assistance to a total of 21 SME client firms. Through technical assistance and its TAF program, QSDC has allocated a total investment amount of 673,815,844 MNT. As a result of QSDC TAF assistance, client firms’ actual increased sales have reached 4.6 billion MNT (718.5 million MNT during this period), which is four times higher than the life of project target for this indicator.



Over three-fourths of QSDC’s portfolio is related to the food industry, leather goods, construction, and livestock.

Food industry, leather goods, construction, and livestock are the most active sectors participating in the QSDC TAF program. The above graph shows that these sectors combined account for 76 percent of all QSDC clients. Other sectors represented in the QSDC client portfolio include furniture manufacturing, textile fabrics, repairing services, bio-fuel, and design services.

In terms of client numbers, women owned firms represent 57 percent of QSDC clients. Moreover, these firms represent 66 percent of all the assistance that QSDC has allocated to support its client firms (See graph below).



QSDC supports the expansion of the economic power of women to accelerate growth in the Mongolian economy, nearly 60% of clients are women-owned firms.

Repayment of TAF assistance:

Five of the QSDC SME client firms have successfully completed their assistance program with QSDC, including two SMEs - Meat Export and a small firm working on Camel Milk – that received assistance pre-TAF program and three additional SMEs - Nomin Uguuj, Garden City and a small leather gloves producer – which finalized their TAF program. Another 16 SMEs are still participating in the TAF program which includes corresponding repayments. By the end of the reporting quarter, QSDC has been able to recover a total of 240 million MNT in TAF repayment plus another 44.3 million MNT in management services from assisted SMEs. Nonetheless, five clients are currently in delinquent repayment status due to a variety of issues; including, a slowdown in the construction sector, availability of raw materials, and challenges in obtaining payment from buyers. BPI continues to engage closely with QSDC as the organization develops and implements strategies to mitigate the outstanding delinquent client TAF repayments.



New Value Construction employee prepares large order of concrete blocks for the construction of the new Shangri-La building in Ulaanbaatar, Mongolia.

New Value Construction LLC, is one of many concrete block producers in Mongolia. However, most companies only produce blocks during the warm season and the quality of production often lacks in consistency. The developer of the new Shangri-La in Ulaanbaatar ordered a supply of 100,000 blocks by the end of December and 200,000 blocks by May. QSDC is helping the client meet the buyers' specialized demand by supporting the client's investment for additional human resources and a new indoor, heated production facility in order to produce blocks during the cold season. As a result of this opportunity to extend their production period, the client will more than double their annual sales.

Further, New Value Construction's lead engineer is participating in QSDC's internationally certified "Occupational Health & Safety" training course to identify how to eliminate potential operational and health risks on the job.

Identifying and assessing new clients. During this reporting period, QSDC worked to identify new business opportunities and aggressively promoted their programs to the private sector via individual and collective meetings, public presentations, and outsourcing. During the quarter, QSDC staff worked closely with eight potential SME client firms jointly conducting cash flow sales and market analysis of the proposed activities. As a result, QSDC signed one SDP and service agreement with New Value Construction LLC and identified three additional SMEs clients which are expected to be incorporated into the QSDC client portfolio early next quarter. During the reporting quarter QSDC also identified a potential partnership with a strong NBF organization aimed at: (i) leveraging additional financial resources to support QSDC clients, (ii) accelerating the identification of new clients, and (iii) strengthening QSDC’s ability to manage TAF repayments and reducing risks associated with potential non-repayments.



Private sector participants learn international best practices for food safety at QSDC HACCP training on October 30, 2014.

For a more detailed overview of the QSDC Client Portfolio during this reporting period, please see Annex C: QSDC Grantee Quarterly Progress Report.

KRA2.1.2 QSDC Quality Management Program (QMP)

For Mongolians to compete and succeed in today’s global market, traders, producers and suppliers must not only find a buyer, but they must also ensure that their products and services meet international quality and safety requirements, as well as the customers’ expectations.

During this quarter, QSDC organized two quality management trainings delivered by local trainers, Hazard Analysis and Critical Control Points (HACCP) and Occupational Health and Safety (OHS). As a result, 27 private sector participants from 19 companies increased their capacity in areas critical to increasing competitiveness through a total of 65 person-days of training.

Quality Supplier Development Center Trainings

Training Name	Date	Participants	Number of person-days of training	Number of companies
HACCP training	28-30 October 2014	16	36	11
OHS training	9-11 December 2014	11	29	8
Total		27	65	19

For more detailed overview of the QSDC Training Program activities during this quarter, please see Annex C: QSDC Grantee Quarterly Progress Report.



Trainees simulate occupational health and safety prevention skills at QSDC OHS training on December 09, 2014.

KRA 2.2 Partnerships that leverage resources to improve business and country competitiveness strengthened

Ongoing Partnership with GoM. Continuing its ongoing collaboration with the GOM this quarter, BPI began implementing additional activities with key government counterparts, the CGA and GDT, outlined in MOUs signed during the last quarter. Please see Section PIR I above for more detail related to implementing the MOU's.

Leveraging Private Sector Resources for Development. This quarter BPI continued to work with private sector partners to enhance the project's commercial arbitration reform activities. Specifically, BPI partnered with MINAC/MNCCI, AmCham Mongolia, MBA, BCM, MDS & KhanLex LLP and Sidley Austin LLP to host a public-private dialogue on the new draft arbitration law on October 14, 2014 to collect feedback for the revised draft.

In November, BPI in partnership with the MBA and Gibson, Dunn & Crutcher LLP (Gibson Dunn) conducted the second workshop series "International Arbitration: An Introduction to Law & Practice." Over 75 participants attended this two-and-half day training, including 29 judges from civil courts, as well as participants from the business community, government agencies, and educational institutions.



Batsukh Dorjusuren, President of the MBA, Scott Brown, USAID Senior Development Advisor and international arbitration lawyers from Gibson Dunn, Cyrus Benson and Victoria Orlovski (pictured left to right) express appreciation for continued USAID, MBA, and Gibson Dunn partnership and congratulate participants for successfully completing arbitration workshop.

The workshop aimed to increase the knowledge of international arbitration practices and raise awareness of the opportunity of using commercial arbitration as an alternative dispute resolution mechanism to foster economic growth in Mongolia and attract private sector investment, a priority for the GOM. Gibson Dunn developed the training curriculum and conducted the



75 judges, lawyers and arbitration practitioners recognized for successful completion of "International Arbitration: An Introduction to Law & Practice" workshop series on November 14, 2014.

training as part of the firm's corporate social responsibility. The training topics ranged from basic arbitration principles and proceedings to negotiating and drafting arbitration clauses in investment contracts. The course is accredited by the MBA, enabling lawyers that completed the workshop to earn 2.5 continuing legal education credits towards the four credits required annually.

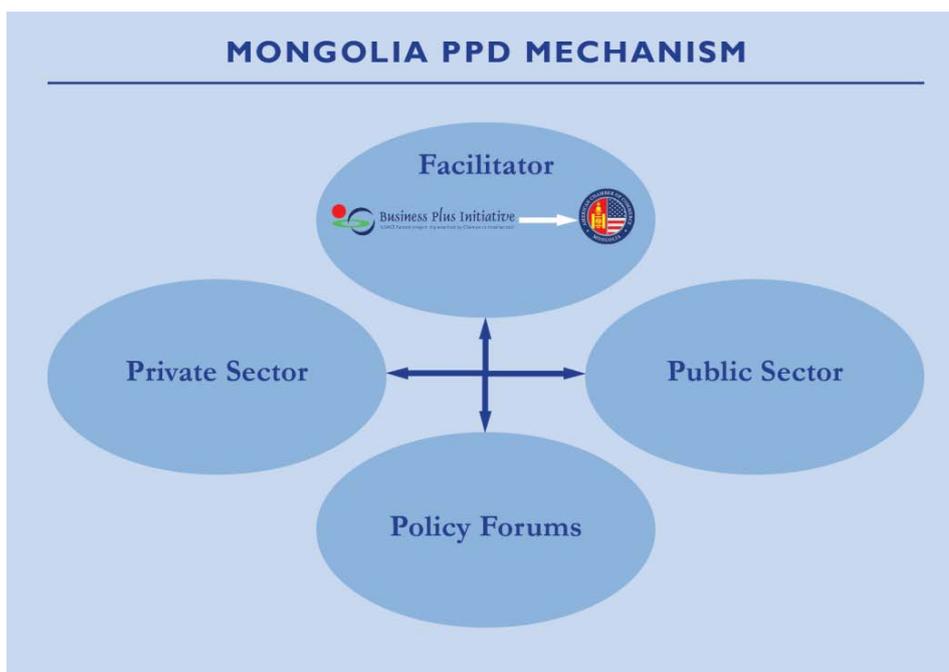
During this quarter alone, through ongoing pro-bono engagements with international law firms, Gibson Dunn and Sidley Austin, BPI has leveraged some 408 hours of technical assistance with an estimated commercial value of more than 260,000 USD to increase capacity for Mongolian arbitration practitioners and ensure arbitration reform in Mongolia is in line with international best practices in arbitration.

PIR 3: National dialogue on business enabling environment and country competitiveness strengthened

Per the BPI logical framework, there is only one KRA under this PIR, KRA 3.1: Increased public awareness of country competitiveness and governance issues, business enabling environment reforms, international experiences, and best practices. PIR 3 and KRA 3.1 are cross-cutting, and some of the BPI activities within this component are discussed in the above sections. PIR III provides integral support of PIR I and PIR II, and activities including events, trainings, PPDs that support public awareness and promotion of international best practices are discussed in detail under the first two components.

KRA 3.1: Public private dialogue (PPD) to foster awareness of country competitiveness and governance issues, business enabling environment reforms, international experience, and best practices facilitated

In order for legal and regulatory business reforms to succeed, it is important that the private sector embrace them. This requires that all stakeholders, both public and private be engaged from the beginning of the process and be informed about the reforms to understand the benefits. BPI has utilized the PPD approach throughout implementation across its activities as a prerequisite for effective private sector policy reform processes.



BPI is transferring the PPD mechanism to local advocacy organization, AmCham Mongolia to ensure the sustainability of this critical dialogue throughout the reform process.

The development and strengthening of a local advocacy institution to sustain the PPD approach is essential to ensure the private sector is properly represented in policy and legislative reform dialogues, and can advocate for change to government in an effective manner. Over the span of the BPI project, GOM agencies are increasingly accepting PPD as a necessary condition for the effective design and implementation of business enabling environment reform strategies.

To that end, during the quarter BPI signed a grant agreement with AmCham Mongolia to transfer to them the PPD approach and methodology, thereby ensuring the sustainability of PPDs after BPI closes. The general objective of the activities under the grant are twofold: (1) to conduct a nationwide survey to gauge the perceptions of policy, business, and foreign investment in Mongolia; and (2) to facilitate a series of PPDs on pertinent issues that will improve the business environment in Mongolia.

Expected Results from BPI Grant Agreement with AmCham Mongolia
Survey data that helps decision-makers, the business community, and civil society to accurately gauge the general perceptions on policy, business, and foreign investment.
Survey data informs and become an integral part of the national discourse through PPDs built around its results.
AmCham institutionalizes regular PPD events around specific issues geared toward creating an effective collaboration platform for investors and decision-makers to address their shared challenges and work together to improve the business environment in Mongolia.

BPI also continued to collaborate actively with subcontract partner, the Press Institute of Mongolia (TPI) and their Economic Journalists Club (EJC). During this reporting period, BPI supported training on the hot topic of social media and supported the EJC Fourth Annual Award Ceremony which awards the best TV/news/print articles across the country. The broadening of EJC collaboration with government agencies and private sector, particularly with the MOJ, GDT, and Customs through BPI facilitated PPD events is an important milestone as EJC develops into a more vibrant and important voice on economic and business issues in Mongolia, as demonstrated by the EJC MOU signing with the Mongolian Stock Exchange during this quarter.

Economic Journalists Club: Economic Events October- December 2014

Topic of Discussion per Event	Date
1. Canadian Embassy Capacity Building for Journalists with Economist Don Drummond	Oct 18, 2014
2. “New system that protects depositors from bankruptcy” DICOM informative meeting	Oct 24, 2014
3. “Social Media is New Media” training for EJC	Oct 31, 2014
4. “Simplifying the property registration process” discussion with GASR	Dec 4, 2014
5. MOU signing with Mongolian Stock Exchange	Dec 5, 2014
6. “Business Registration Data” Statistical Department Training	Dec 12, 2014
7. EJC Fourth Annual Award Ceremony	Dec 29, 2014

EJC Training: *Leveraging Social Media as a New Platform to Report News.* On October 31, 2014 BPI and its local partner The Press Institute (TPI) hosted a “Social Media is New Media” training workshop to support capacity building for the Economic Journalist Club (EJC) aimed at improving the dissemination of news reporting outputs to the public. Micro-blogs like Twitter are by far the most popular type of social media used by journalists in developed countries. While Mongolian business people tend to use Twitter regularly, there is a prominent lack of social media use for reporting news. Nowadays, many journalists understand social media’s value as a potential tool to interact with audiences, stay informed, identify sources, and share news. However,

Mongolian journalists often lack broad knowledge of emerging information technology tools and media platforms available to take advantage of social media opportunities. Through this training, facilitated by Ts. Tamir, TPI Public Relations and Communications Specialist and B. Taivan, Orloo Info LLC Executive Director and EJC member, participants were provided with practical knowledge of popular social media tools, techniques, and popular platforms that can be used to build and engage audiences. Participants gained understanding of how Mongolians typically use social media, and identified ways to build upon the existing practices to expand daily reporting opportunities to include social media platforms.



EJC members learning how to use social media to report on economic issues.

EJC Event: *Economic Journalism Club Hosts Fourth Annual Award Ceremony.* On December 29, 2014 the Economic Journalism Club (EJC) held the fourth annual award ceremony for the best economic news article and television story of the year with support from the Press Institute, the World Bank, Mongolian Stock Exchange, and BPI project. Twenty EJC member journalists and reporters competed for the award of best economic reporting from any category of print, online news, radio, and television. Representatives from the government, private sector, civil society, and donor community participated in the awards ceremony, highlighting the importance of professional reporting for economic issues.



Finalists receive awards for the top economic news stories at fourth Annual EJC Ceremony on December 29, 2014.

D. BPI Activities by the Numbers

This current quarter represents the first quarter for BPI Annual Work Plan Year 4. Given the natural slow-down of project activity during this winter period, BPI will focus in the next quarter on accelerating implementation during the project extension in all three of the project's components.

E. Next Steps for the Coming Quarter

Major activities or key actions projected for the next quarters, by project component, are detailed below.

PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved

Trading Across Borders: Over the next quarter BPI will procure and install the IBM WebSphere software at CGA and provide user-training for customs officials. In addition, BPI will assist the CGA in launching the new Customs Valuation Information Module and Customs e-payment module.

Dealing with Construction Permits: BPI will establish a working relationship with the newly appointed Minister of Construction and Urban Development to determine the way forward on the construction law.

Starting a Business: BPI will continue accompanying the joint WG until the package is approved at Parliament. BPI will also assist GASR in drafting internal procedures and provide support to ensure the agency is well prepared when the legal entity law becomes effective on March 1, 2015.

Paying Taxes: BPI will continue to connect more commercial banks and support the GDT's awareness campaign for the tax e-payment system launched during the previous quarter. In addition, BPI will begin developing the VAT e-invoice system. In addition, BPI will initiate discussions with the new GDT commissioner for outstanding activities outlined in the MOU, including the development of a new website for taxpayers.

Arbitration: BPI will start the process to establish a positive working relationship with the new authorities at MOJ in an effort to finalize the arbitration draft law and continue to increase the visibility of arbitration as an alternative dispute resolution. Once BPI receives the final draft law from MOJ, the project will (i) submit a legal package with amendments to related laws, (ii) send the draft law to UNCITRAL for a compliance review, (iii) carry out a Cost Estimate Analysis to capture the impact from the approval of the revised Arbitration Law, and (iv) further facilitate the Working Group during Parliament review.

PIR 2: Private sector capacity and competitiveness strengthened

In addition to the specific activities related to its two main programs – Supplier Development Program and Quality Management Program – QSDC will work intensively during the next quarter on institutional strengthening. BPI will provide three international short-term consultants during the upcoming quarter to support QSDC organizational and technical development. Key actions for next quarter include:

- Developing and improving internal financial, procurement, grants, and personnel manuals;
- Addressing preliminary NUPAS review and recommendations for institutional capacity building;
- Transitioning to new QSDC activities; and
- Upgrading QSDC website.

Capacity of Mongolian Private Sector firms to sell products and services meeting buyer's and market demand strengthened

In the upcoming quarter, QSDC will focus on: (1) identification of new business opportunities; (2) consolidation of the potential business linkages made in the previous months; (3) follow-up on the implementation of current SDPs (technical/financial assistance, client's production, client's sales report, M&E and repayment).

New business identification: Over the next quarter, QSDC will continue with the following strategies:

- Individual meetings with both large companies (from high-value sectors such as mining, construction, and energy) and medium/small companies as potential suppliers;

- Expand partnerships with financial institutions and other donor projects; and
- Accompany existing SME clients in overcoming economic downturn and/or expanding business.

Capacity of private sector-led institutions to contribute to an enabling business environment, governance, and country competitiveness strengthened

In the next quarter, QSDC will accelerate the number and variety of trainings in partnership with SGS Mongolia.

QSDC will organize three Quality Management Trainings and one public event for promoting quality management and certification in international standards: 1) Six Sigma; 2) Food Safety and HACCP and 3) Occupational health and safety training.

PIR 3: National dialogue on business enabling environment and country competitiveness strengthened

Continued Cross-Cutting Engagement: In the coming quarter, the activities of PIR 3 will continue to communicate the work being done in PIR 1 and PIR 2. Specifically the project’s strategic communications team will focus on accelerating PPD activities through a grant with AmCham in order to institutionalize the public-private dialogue process through a local partner.

In the coming quarter, given that several BPI initiatives related to BEE will be finalized, the project strategic communications team will focus on increasing the capacity of targeted GOM entities to communicate reforms and simplified procedures to the public. Additionally, the project expects that the arbitration law will be finalized in the coming quarter, and the Tax VAT e-Invoice System and Customs E-Payment will be launched. BPI will organize public launch events and design awareness campaigns in coordination with the related GOM agencies.

PIR 3 Activities for Next Quarter
<ul style="list-style-type: none">• Institute public-private dialogue series through the AmCham grant.• Conduct public awareness campaigns for technical activities including new arbitration law, VAT e-Invoice and customs e-payment launches.• Increase capacity of local media through at least one targeted journalism trainings and support for local partner TPI’s program.• Publish a minimum of twenty articles by the local media on BPI reform areas and accomplishments.• Promote awareness for USAID development activities through NewsPlus, BPI social media outlets, and success stories.• Organize a minimum of three EJC workshops on economic reform issues.

SECTION II: PROJECT MANAGEMENT AND ADMINISTRATION

This section summarizes significant project management and administration activities, problems encountered and actions taken to solve them, and main activities scheduled for completion during the next quarter. Annex A contains a list of long-term local project staff and short-term expatriate and third-country national technical assistance assignments.

A. Significant project management and administration activities

During this quarterly reporting period, BPI project management and administration activities continued to support the delivery of programmatic and technical assistance across the three PIRs areas.

The Modifications no. 11-14 to Mongolia BPI contract was fully executed on during the last quarter of 2014 to incorporate administrative changes and increase the obligation.

B. Personnel

B1. Long-term expatriate personnel

During this reporting period, the project did not make any changes to the long-term expatriate personnel.

B2. Long-term local personnel

Exhibit A-1 in Annex A provides a summary status of local staff as of the end of the reporting period. All local long-term personnel remain the same as in the previous quarter. The following changes were made in local long-term personnel:

In October 2014 BPI hired an E-Government Manager as a long-term professional through an open and competitive recruit to manage IT projects, being implemented at CGA and will be implemented at GDT.

B3. Deployment of short-term technical assistance

Deployment of short-term expatriate assistance proceeded according to the Year 4 Annual Work Plan schedule. Six (6) technical assignments were completed or initiated during the quarter by a total of seven (7) short-term expatriates and third country consultants on billable and pro-bono basis. Exhibit A-2 in Annex A provides details about the purpose of these assignments as well as dates of start and end of each assignment.

C. Status of subcontracts and grants

During this reporting period, the BPI project continued to work with consortium partners as well as other Mongolian service providers to support the project's initiatives. Specific updates include:

- In November, 2014, BPI executed a fixed-price subcontract with Infinite Solutions to develop/enhance BPI-supported Customs Valuation System, conduct training for customs officials and private sector representatives to utilize the module; develop an e-payment system for customs; streamline the clearance process with focus on eliminating opportunities for corruption; and facilitate customs data exchange with neighboring countries.
- In October, 2014 Sidley Austin provided pro-bono service for BPI's Public-Private-Dialogue on the Arbitration Draft Law - presenting a detailed overview of each Chapter of the draft law for an open forum discussion.
- In November 2014, Gibson Dunn and Crutcher provided pro-bono service by conducting an accredited training on International Arbitration: An introduction to law and best practices.

- In October 2014, BPI issued a grant to the American Chamber of Commerce in Mongolia to conduct a nationwide survey to gauge the perceptions of policy, business, and foreign investment in Mongolia; and to facilitate a series of PPDs on pertinent issues that will improve the business environment in Mongolia.
- In October 2014, BPI released a Request for Proposal to assist GDT in developing and implementing a VAT E-Invoice System to enhance the GDT's ability to detect fraud, and received proposals. The selection process will be finalized in the first quarter of the next year.

D. Project and contract management actions expected for the next quarter

Project and contract management actions expected to be completed during the next quarter include the following:

- Fielding short-term local and expatriate assistance to complete technical assignments in accordance with the submitted Year 4 Annual Work Plan.
- Continue working with existing local subcontractors and grantees.

ANNEX A: Long-term local personnel and expatriate short-term assignments

Exhibit A-1: Local long-term project staff as of the end of October - December 2014 quarter			
Employee name	Position	Start date	Current Contract End date
Uurtsaikh Sangi	Deputy chief of party	Jun 20, 2011	Jun 19, 2015
Altanzaya Baldan	Accountant	Jun 20, 2011	Jun 19, 2015
Zul Sabikhan	Operations Manager	Jun 20, 2011	June 19, 2015
Tsolmon Naidandorj	Video and graphics	Jul 28, 2011	Jun 30, 2015
Batmunkh Perlii	Driver/Messenger	Aug 22, 2011	Jun 30, 2015
Myagmar Gombo	Driver/Messenger	Sept 12, 2011	Jun 30, 2015
Gerelmaa Tumurbaatar	Accounting assistant	Oct 7, 2011	Jun 30, 2015
Amgalan Nordov	Regulatory reform manager	Jan 3, 2012	Jun 30, 2015
Solongo Samdandovjid	Business environment and competitiveness specialist	Jul 16, 2012	Dec 31, 2014
Davaakhuu Baatar	Translator/Interpreter	Jul 16, 2012	Jun 30, 2015
Munkhjargal Demberel	Office manager	Sep 26, 2012	Jun 30, 2015
Ariuntuya Ayurzana	Public private dialogue specialist (TPI)	Oct 5, 2012	Sept 30, 2015
Buyankhuu Suran	Translator/interpreter and editor	Aug 19, 2013	Jun 30, 2015
Uranzaya Erdenebold	M&E and administrative office	Jul 16, 2014	Jun 30, 2015
Undrakh-Erdene Batsukh	E-Government manager	Oct 27, 2014	Dec 31, 2014

Exhibit A-2: Short-term technical assignments during the October - December 2014 quarter			
Name	Purpose of assignment	Date of arrival	Date of departure
Jerry Henzel	Remote assignment to provide BPI a comprehensive assistance in the actual preparation of RFP on VAT e-payment to include an action plan for BPI and GDT to have a better foundation for assessing the cost for the development of the new VAT system	September 23, 2014	October 31, 2014
Jerry Henzel	Remote assignment to provide assistance to BPI in selecting the local firm to develop the VAT e-invoicing IT systems technical activity Mongolia's General Department of Taxation (GDT), and directly provide assistance and guidance to the selected firm as work begins on the E-invoice system	December 5, 2014	February 1, 2015
Victoria Orłowski	Gibson, Dunn & Crutcher, a law firm to conduct an arbitration workshop on International Best Practices on Arbitration on a pro-bono basis	November 9, 2014	November 15, 2014
Benson Cyrus	Gibson, Dunn & Crutcher, a law firm to conduct an arbitration workshop on International Best Practices on Arbitration on a pro-bono basis	November 9, 2014	November 15, 2014
David Roney	Sidley Austin, a law firm to prepare the draft new Arbitration law on a pro-bono basis	October 12, 2014	October 18, 2014
Andrew Fox	Sidley Austin, a law firm to prepare the draft new Arbitration law on a pro-bono basis	October 12, 2014	October 18, 2014
Aika Karimova	Remote assignment on finance and compliance review	October, 2014	December, 2014
Nana Kessie	Acting Strategic Communications and Project Development Manager	October 19, 2014	November 8, 2014

ANNEX B: Performance indicators, baseline, targets, and results for Annual Work Plan-4 (October through December 2014)

PIR1: Business enabling environment, governance, and country competitiveness policies and practices improved										
KRA 1.1 Trade, paying taxes, arbitration, construction, and company registration procedures simplified										
		Baseline Value	AWP-4 Target		Oct-Dec	Jan-Mar (2015)	Apr-Jun	Jul-Sep	AWP-4 Results	LOP Target
1.1.1	Time and cost of clearing imports and exports reduced (Baseline DB2015)									
1.1.1a	Number of documents required to export/import a shipment	11/12	5/5	Target	11/12	7/7	5/5	5/5		5/5
				Actual	11/12					
1.1.1b	Number of days required to export/import a shipment	44/45	27/28	Target	44/45	33/34	27/28	27/28		27/28
				Actual	44/45					
1.1.2	Burden of compliance with tax administration procedures reduced (Baseline DB2015)									
1.1.2a	Number of payments per year	41	19	Target	41	41	19	19		19
				Actual	41					
1.1.2b	Number of hours per year required to comply with paying taxes	148	133	Target	148	140	133	133		133
				Actual	148					
1.1.2c	Percentage of taxpayers that use e-payment for VAT, CIT and PIT taxes	28%	60%	Target	30%	40%	60%	60%		60%
				Actual	28%					
1.1.3	Construction permits procedures streamlined (Baseline DB 2015)									
1.1.3a	Number of procedures to build a warehouse legally	16	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a	16
				Actual	n/a	n/a	n/a	n/a	n/a	
1.1.3b	Number of calendar days required to complete all procedures	137	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a	137
				Actual	n/a	n/a	n/a	n/a	n/a	
1.1.4	Getting new electricity connections processes simplified (Baseline DB 2015)									
1.1.4a	Number of procedures to obtain an electricity connection	8	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a	8
				Actual	n/a	n/a	n/a	n/a	n/a	
1.1.4b	Number of calendar days required to complete all procedures	79	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a	79
				Actual	n/a	n/a	n/a	n/a	n/a	

		Baseline Value	AWP-4 Target		Oct-Dec	Jan-Mar (2015)	Apr-Jun	Jul-Sep	AWP-4 Results	LOP Target
1.1.5	Online company registration system established (Baseline DB 2015)									
1.1.5a	Number of procedures to start a business	5	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a	5
				Actual	n/a	n/a	n/a	n/a	n/a	
1.1.5b	Number of calendar days required to complete all procedures	11	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a	11
				Actual	n/a	n/a	n/a	n/a	n/a	
KRA 1.2 Customs risk management and post clearance audit programs strengthened										
1.2.1	Customs risk management program strengthened (Baseline AWP-3)									
1.2.1a	Percentage of "green and yellow channel" shipments	35.6%	45%	Target	39%	42%	45%	45%		45%
				Actual	41%					
1.2.2	Customs post clearance audit program strengthened (Baseline AWP-3)									
1.2.2a	Number of PCA audits conducted with valuation training from BPI	296	200	Target	70	70	60	0		496
				Actual	60					
1.2.2b	Person/days of training on PCA and other trade facilitation areas delivered	896	19	Target	0	19				915
				Actual	0					
KRA 1.3 Enabling legal and regulatory environment for trade, starting a business, paying taxes and commercial arbitration strengthened										
1.3.1	Enabling legal and regulatory environment strengthened (Baseline AWP-3)									
1.3.1a	Percentage of progress in facilitating Draft Construction law	75%	100%	Target	75%	100%	100%	100%		100%
				Actual	75%					
1.3.1b	Percentage of progress in facilitating Legal Entities law	100%	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a	100%
				Actual	n/a	n/a	n/a	n/a	n/a	
1.3.1c	Percentage of progress in facilitating Draft Arbitration law	55%	100%	Target	75%	75%	100%	100%		100%
				Actual	75%					
1.3.2	Technical support in drafting regulations for customs risk management, post clearance audit and customs clearance procedures facilitated (Baseline AWP-3)									
1.3.2a	Number of trade related regulatory measures facilitated	1	2	Target	0	1	1			3
				Actual	0					
BPI METRICS FOR LAWS & REGULATIONS (Contractor's manageable interest): Concept paper 10% Working draft 20% Technical review 25% Public dialogue 20% Draft hand-over 25%.										
PERFORMANCE METRICS FOR LAWS AND REGULATIONS: MoJ clearance Cabinet approval Parliament Standing Committee clearance Inclusion in Parliament agenda Parliament approval.										

PIR2: Private sector capacity and competitiveness strengthened										
KRA 2.1 Capacity of Mongolian private sector firms to sell products and services meeting buyers' demand strengthened										
		Baseline Value	AWP-4 Target		Oct-Dec	Jan-Mar (2015)	Apr-Jun	Jul-Sep	AWP-4 Results	LOP Target
2.1.1	<i>Consolidation of QSDC: Buyer-supplier transactions facilitated (Baseline AWP-3)</i>									
2.1.1a	<i>Number of products/services with buyers' specifications</i>	103	52	Target	13	13	13	13		155
				Actual	12					
2.1.1b	<i>Number of due diligence conducted on suppliers</i>	55	40	Target	10	10	10	10		95
				Actual	8					
2.1.1c	<i>Number of TAF contracts to assist potential suppliers</i>	22	30	Target	7	7	8	8		52
				Actual	1					
2.1.1d	<i>Number of purchase orders fulfilled</i>	59	39	Target	9	10	10	10		98
				Actual	15					
2.1.1e	<i>Expected value for increased sales of transaction facilitated (MNT)</i>	3.9 billion	9.7 billion	Target	2.2	2.5	2.5	2.5		13.6 billion
				Actual	0.7					
2.1.2	<i>Consolidation of QSDC: Quality Assurance training program (Baseline AWP-3)</i>									
2.1.2a	<i>Number of trainings on quality assurance topics delivered</i>	19	16	Target	4	4	4	4		35
				Actual	2					
2.1.2b	<i>Number of firms supported with improved management</i>	349	96	Target	24	24	24	24		445
				Actual	19					
2.1.2c	<i>Number of person-days of training delivered on quality assurance topics</i>	1,068	720	Target	180	180	180	180		1,788
				Actual	65					
KRA 2.2 Partnerships that leverage resources to improve business and country competitiveness strengthened										
2.2.1	<i>Number of person/days of training delivered on BPI's developed toolkits</i>	146	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a	146
				Actual	n/a	n/a	n/a	n/a	n/a	
2.2.2	<i>Number of partnerships, subcontracts, grants and other cost-sharing agreements with local and international organizations in support of BEE reforms</i>	33	5	Target	2	2	1			38
				Actual	3					
2.2.3	<i>Number of partnerships in support of QSDC program</i>	3	5	Target	1	2	2			8
				Actual	2					

PIR3: National dialogue on business enabling environment and country competitiveness strengthened										
KRA3.1 Public private dialogue (PPD) to foster awareness of country competitiveness and governance issues, business enabling environment reforms, international experience, and best practices facilitated										
		<i>Baseline Value</i>	<i>AWP-4 Target</i>		<i>Oct-Dec</i>	<i>Jan-Mar (2015)</i>	<i>Apr-Jun</i>	<i>Jul-Sep</i>	<i>AWP-4 Results</i>	<i>LOP Target</i>
3.1.1	<i>Number of public events held on BEE or competitiveness issues</i>	122	20	<i>Target</i>	7	7	6			142
				<i>Actual</i>	5					
3.1.2	<i>Total number of person/days of attendance at BPI trainings and BPI public events</i>	8,723	1,500	<i>Target</i>	503	503	493			10,223
				<i>Actual</i>	271					
3.1.2a	<i>Number of person/days of trainings for government officials</i>	4,116	610	<i>Target</i>	205	205	200			4,726
				<i>Actual</i>	58					
3.1.2b	<i>Number of person/days of trainings for private sector representatives</i>	3,804	744	<i>Target</i>	248	248	248			4,548
				<i>Actual</i>	147					
3.1.2c	<i>Number of person/days of attendance to EJC and other public events</i>	804	145	<i>Target</i>	50	50	45			949
				<i>Actual</i>	65					
3.1.3	<i>Number of workshops held for journalists</i>	61	25	<i>Target</i>	9	9	7			86
				<i>Actual</i>	7					

Current PMP Table correspond to the approved AWP-4 for the BPI project, below we note the changes as compared to previous table:

1. Previous indicator number 1.3.4 is now tracked under Indicator number 1.3.2a
2. Previous indicators 2.3.1, 2.3.1a, and 2.3.2 have been moved under current KRA 2.1 and are tracked under indicator numbers 2.1.2a, 2.1.2b and 2.1.2c.
3. A new indicator - 2.2.3: Number of partnerships in support of QSDC program has been added to KRA 2.2.